

22 June 2005

Iraq Weekly Status Report

UNCLASSIFIED



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Highlights

1.0 Transition to Security Self-Reliance

- Iraqi Marines will soon assume full responsibility for the security of Al Basrah and Khor Al Amaya oil terminals. They will relieve US sailors attached to Mobile Security Detachment 25.
- A company of 100 newly-trained Iraqi troops assisted US Forces during Operation Spear in western Iraq.

2.0 Support a Free and Democratic Iraq

- President Bush will host Iraqi Prime Minister Ibrahim al-Ja'afari at the White House on June 24. They will discuss progress in the fielding of Iraqi security forces, the Iraqi people's achievements in building a democratic state, the status of the drafting of the new Iraqi constitution, and ongoing cooperation on a range of bilateral, regional, and international issues.
- Ambassador Zalmay Khalilzad presented his credentials to the Iraqi government and assumed his post June 21.

3.0 Provide Essential Services

- Iraq plans to issue international tenders by the end of this year to replace the country's three expiring cell phone licenses.



Highlights

4.0 Establish Foundation for a Strong Economy

- On June 20, the Iraqi government announced that it had signed a bilateral agreement with Canada canceling \$470 million of Iraq's debt, amounting to 80 percent of Canada's claims against Iraq. Canada is the second creditor country, after the US, to sign an agreement implementing Iraq's November 2004 Paris Club agreement.

5.0 Promote the Rule of Law

- In late May, USAID's partner supporting the Transitional National Assembly (TNA) conducted a fifth general orientation session for 31 TNA members. Participants discussed the role and importance of rule of law in times of social change and the need to make use of theory when drafting new laws.

6.0 Maintain International Engagement and Support

- On June 22, the International Conference on Iraq was held in Brussels. Iraq's delegation comprised of 40 people from eight ministries, and the conference drew over 80 country participants. The meeting concentrated on four issues: support for the political process, economic aid, assistance with security, and the judicial sector.

7.0 Promote Strategic Communications

- In June, hundreds of Constitutional Dialogue program facilitators are reaching out to hundreds of thousands of Iraqis, encouraging them to discuss topics linked to the constitutional process while seeking their input for the TNA Constitutional Committee in charge of drafting the Iraq constitution.



[1.0] Transition to Security Self-Reliance – Iraqi Security Forces

Iraqi Security Forces Update:

- The Iraqi Police Service graduated 221 police from advanced and specialty courses at the Adnan Training Facility June 16 as part of the Iraqi government's ongoing effort to train its security forces. The courses consist of Basic Criminal Investigations with 29 graduates, Critical Incident Management with 29 graduates, Violent Crimes Investigations with 23 graduates, First Line Supervision with 33 graduates, Interviews and Interrogation with 28 graduates, and Criminal Intelligence with 79 graduates.
- Iraqi Marines will soon assume full responsibility for the security of Al Basrah and Khawr Al Amaya oil terminals. They will relieve US sailors attached to Mobile Security Detachment 25.
- After being held hostage for six weeks, Australian Douglas Wood was rescued by soldiers from 2nd Battalion, 1st Brigade, 6th Iraqi Army division as the unit was conducting cordon and search operations in northwest Baghdad.
- A company of 100 newly-trained Iraqi troops assisted US Forces during Operation Spear in western Iraq.
- Iraqi SWAT and emergency services in Kut arrested 26 wanted insurgents harbored in Baghdad neighborhoods. Police also conducted several raids June 15-17, which resulted in the capture of at least 25 suspected anti-Iraqi forces and a large weapons cache.



[1.0] Transition to Security Self-Reliance – Iraqi Security Forces

Ministry of Interior Forces

COMPONENT	TRAINED & EQUIPPED
POLICE	60,800
HIGHWAY PATROL	
OTHER MOI FORCES	32,083
TOTAL	92,883*

Ministry of Defense Forces

COMPONENT	OPERATIONAL
ARMY	75,064
AIR FORCE	190
NAVY	537
TOTAL	75,791**

Total Trained & Equipped ISF:
168,674

* Ministry of Interior Forces: Unauthorized absences personnel are included in these numbers

** Ministry of Defense Forces: Unauthorized absences personnel are not included in these numbers



[2.0] Support a Free and Democratic Iraq – **Developments**

Prime Minister Ja'afari's Visit to the US:

- President Bush will host Iraqi Prime Minister Ibrahim al-Ja'afari at the White House on June 24. The President and Prime Minister will discuss progress in the fielding of Iraqi security forces, the Iraqi people's achievements in building a democratic state, the status of the drafting of the new Iraqi constitution, and ongoing cooperation on a range of bilateral, regional, and international issues.

New U.S. Ambassador to Iraq:

- Ambassador Zalmay Khalilzad presented his credentials to the Iraqi government and assumed his post June 21.

Constitution Update:

- In an interview with Al-Sharqiyah television on June 21, Deputy Chairman Fu'ad Ma'sum said the Iraqi Constitution Drafting Committee is waiting for 15 Sunni members and 10 Sunni advisors to join in order to begin work.



[2.0] Support a Free and Democratic Iraq – **Developments**

Transitional National Assembly (TNA) Update:

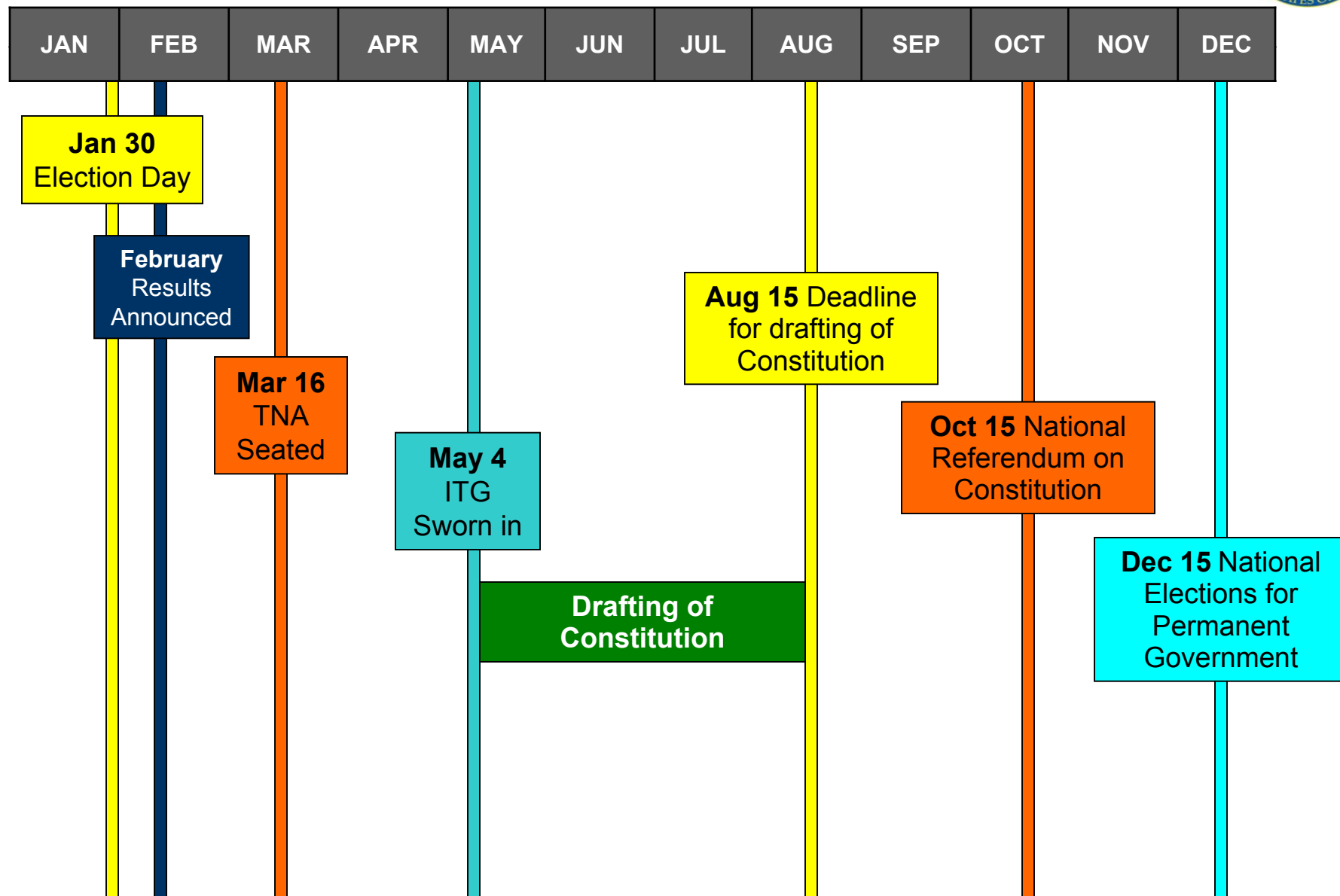
- USAID conducted its sixth TNA training session May 30. Attendees represented the two largest blocs in the TNA: the Kurdish Alliance and the United Iraqi Alliance.
 - The session began with a presentation of focus group research conducted by USAID's implementing partners which explored the attitudes of Iraqis after the January elections, their satisfaction with the electoral system, and their expectations for the upcoming constitutional process.
 - TNA members shared their opinions on the findings and issues related to the results. They also expressed a desire for future workshops examining comparative constitutional models with a focus on federalism, nationalism, minority rights, majority-minority relations, the role of religion, women's rights, the role of armed forces in a federal state and the role of international treaties in the political process.

Continuing TNA Responsibilities:

- Serve as Iraq's national legislature until the election of a new government under a permanent constitution;
- According to the Transitional Administrative Law, the TNA is to draft Iraq's new Constitution by August 15, 2005; this will be presented to the Iraqi people for their approval in a national referendum by October 15, 2005;
- If it is approved, an election for a permanent Iraqi government under that new constitution will occur by the end of 2005.



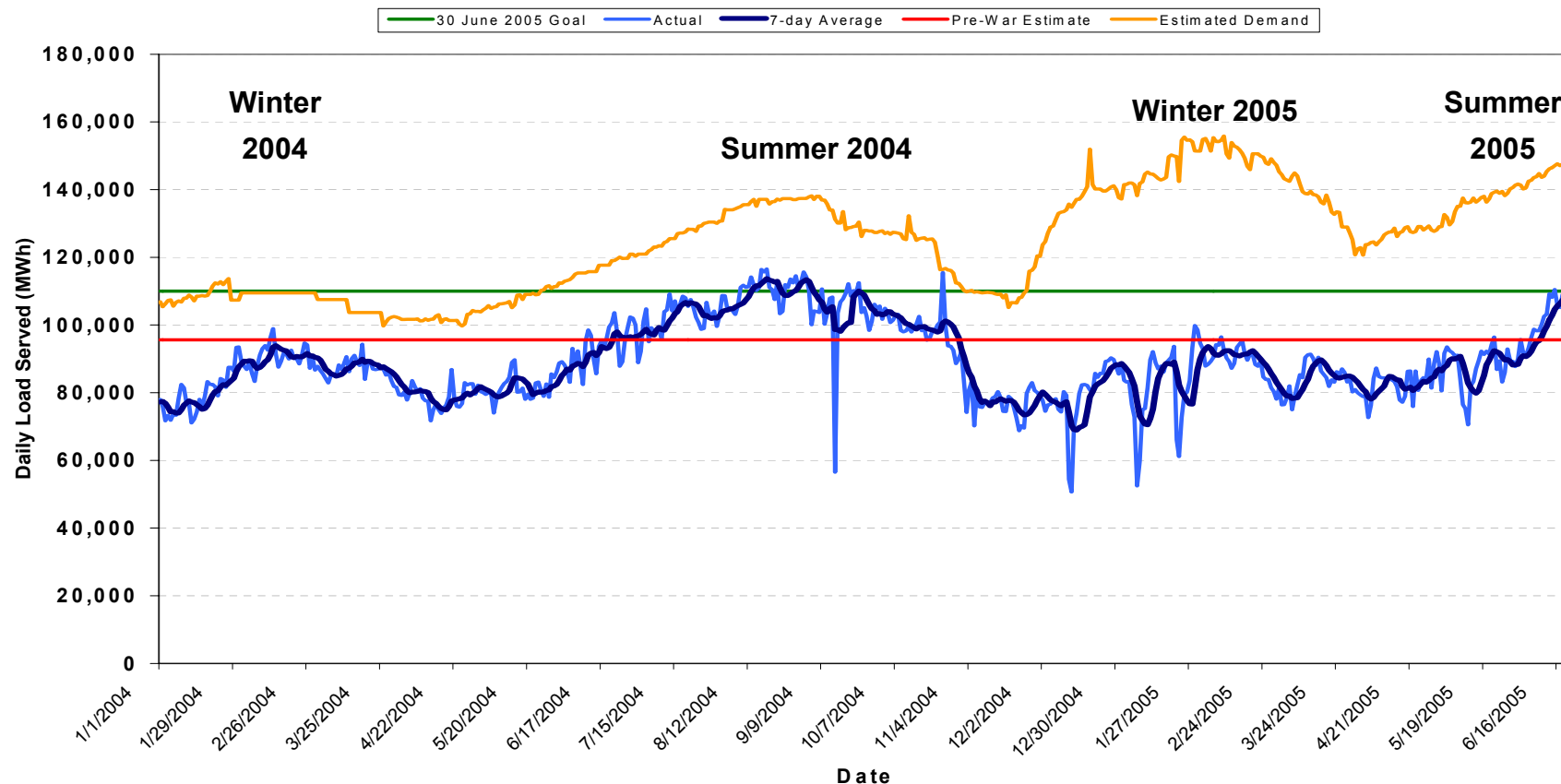
[2.0] Support a Free and Democratic Iraq – Electoral Process Timeline





[3.0] Provide Essential Services – Electricity Overview

Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004



- Electricity load served increased last week (June 13 - 19) to an average of 108,200 MWh – just shy of 110,000 MWh (30 June 2005 goal).
- Average hours of available power similarly increased significantly to 11.5 hours in Baghdad and 12 hours countrywide. However, this is an average and some governorates still receive fewer hours.
- Iraq has resumed importing electricity from Syria, and is considering increasing imports from Turkey.



[3.0] Provide Essential Services – Oil and Telecommunications

Oil Update:

- Crude oil prices in world markets for the week ending June 17 closed with the following prices:
 - Basra Light at \$47.71/barrel
 - Kirkuk Crude at \$49.22/barrel
 - Oman/Dubai at \$51.45/barrel
 - WTI Cushing at \$56.25/barrel
 - Dated Brent at \$54.24/barrel

Telecommunications:

- The three major cell phone companies in Iraq (Asiacell, Iraqna, and Atheer) continue to enroll new subscribers at healthy rates. As of June 15, there were 2,683,024 active cellular subscribers in Iraq. Landline telephone subscribers in Iraq have also increased to 997,675. Prior to Operation Iraqi Freedom, there were approximately 833,000 landline subscribers and no cellular network.
- Iraq plans to hold international tenders by the end of this year to replace the country's three expiring cell phone licenses.
 - The government will hold a July conference in London with Arab and global telecom companies to discuss the terms and duration of the new licenses, which will replace the three licenses issued by the CPA in 2003.
 - Egypt's Orascom Telecom holds the license for central Iraq. Kuwait's MTC covers the south, and two mostly Kurdish operators split the license for Iraqi Kurdistan.



[3.0] Provide Essential Services – **Water and Sanitation**

Water and Sanitation:

- A PCO water sector contractor continues to provide a two-week training course for water utility operators. Every two to three weeks, a new class of 20 operators completes the comprehensive training program. On-site training is then provided at the utility as follow-up.
- PCO has 78 water treatment projects underway and has completed 34 to date. Under the AIRP, there are a further 12 water treatment projects under construction and 38 have been completed
 - The majority of these projects are awarded directly to local contractors and local water authorities.
 - Total water treatment capacity to be added from PCO projects is approximately 1.0 million cubic meters per day.
- UNESCO is sponsoring a capacity-building "study tour" in Integrated Water Management at Brigham Young University this summer. The Bureau of Reclamation and the Army Corps of Engineers will participate. The Ministry of Water Resources plans to send ten engineers.



[3.0] Provide Essential Services – Health Care

Health Care:

- Construction is underway on 145 new primary health care (PHC) facilities across Iraq. Under the AIRP, an additional two PHCs are under construction and eight have been completed.
- Cell biology laboratory equipment was recently delivered to a university in Basrah. The lab equipment is part of a commitment made by USAID's Higher Education and Development (HEAD) program partner, the University of Oklahoma (OU), to supply laboratory equipment and refurbish libraries at five Iraqi universities.
 - Soil science, veterinary medicine and global mapping laboratories will also be established at the participating universities.
 - OU has also refurbished university libraries including the internet computer center at the University of Babil which officially opened in May.



[3.0] Provide Essential Services – Education

Education:

- A total of 3,056 schools have been rehabilitated to date, and a further 784 are undergoing rehabilitation.
- A USAID partner is facilitating the distribution of 504,458 Secondary School Student Kits to students in 2,244 secondary schools in Iraq. As of May, the delivery of all 525,000 kits to Directorate of Education (DOE) warehouses had been completed. Iraq's Ministry of Education will coordinate distribution of the remaining 20,542 kits.
 - In the past two years, USAID partners distributed more than 900,000 kits to primary school students and 1.5 million kits to secondary school students. USAID also supported UNICEF's distribution of 18,000 recreation kits to primary and secondary schools.



[4.0] Establish Foundation for a Strong Economy – Food Security and Job Creation

Public Distribution System:

- The Ministry of Trade has secured two-thirds of the country's wheat needs for the June and is expected to meet monthly demands of rice for July.
- Ministry of Trade plans to rely on media outreach campaigns to prepare the public for Public Distribution System (PDS) shortages, as well as a new round of tenders to begin more food inflows come mid-July.

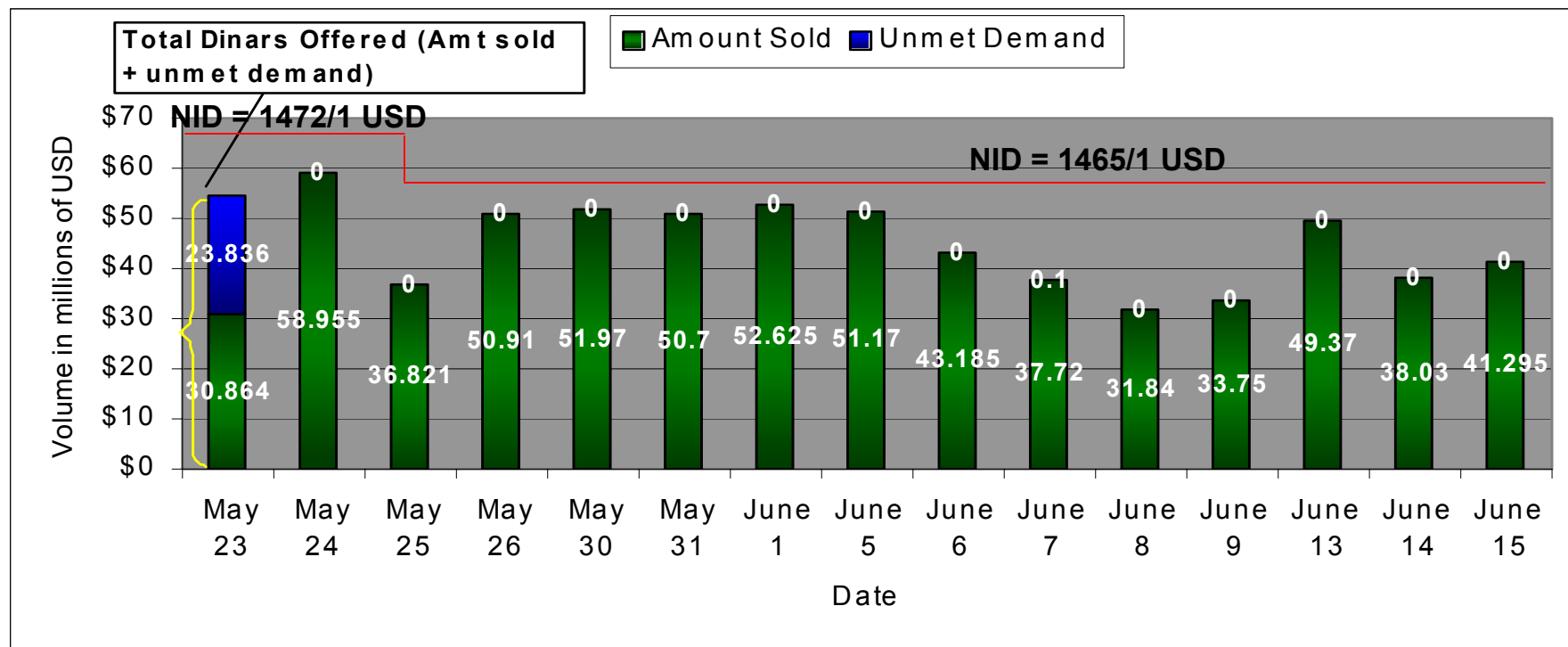
Employing Organization	Iraqis Last Week	Iraqis This Week	% Change on Week
PCO (Project and Contracting Office)	28,413	29,248	2.9%
USAID	55,421	56,234	1.5%
AIRP (Accelerated Iraqi Reconstruction Program)	3,791	3,791	0.0%
MILCON (Military Construction)	621	677	9.0%
*CERP (Commanders' Emergency Response Program)	23,706	23,706	0.0%
MNSTC-I	24,443	24,443	0.0%
IRRF NON-CONSTRUCTION	11,135	11,157	0.2%
GRAND TOTAL	147,530	149,256	1.2%

[4.0] Establish Foundation for a Strong Economy - Banking Sector



Iraq Currency Exchange:

- At the New Iraqi Dinar (NID) auction June 20, the settlement price was 1,465 dinars per USD. Nineteen banks offered and sold a total of NID 67.92 billion (\$46.36 million). The following table shows the purchase volume for every NID auction from May 23 through June 15.





[4.0] Establish Foundation for a Strong Economy

Iraqi Stock Exchange:

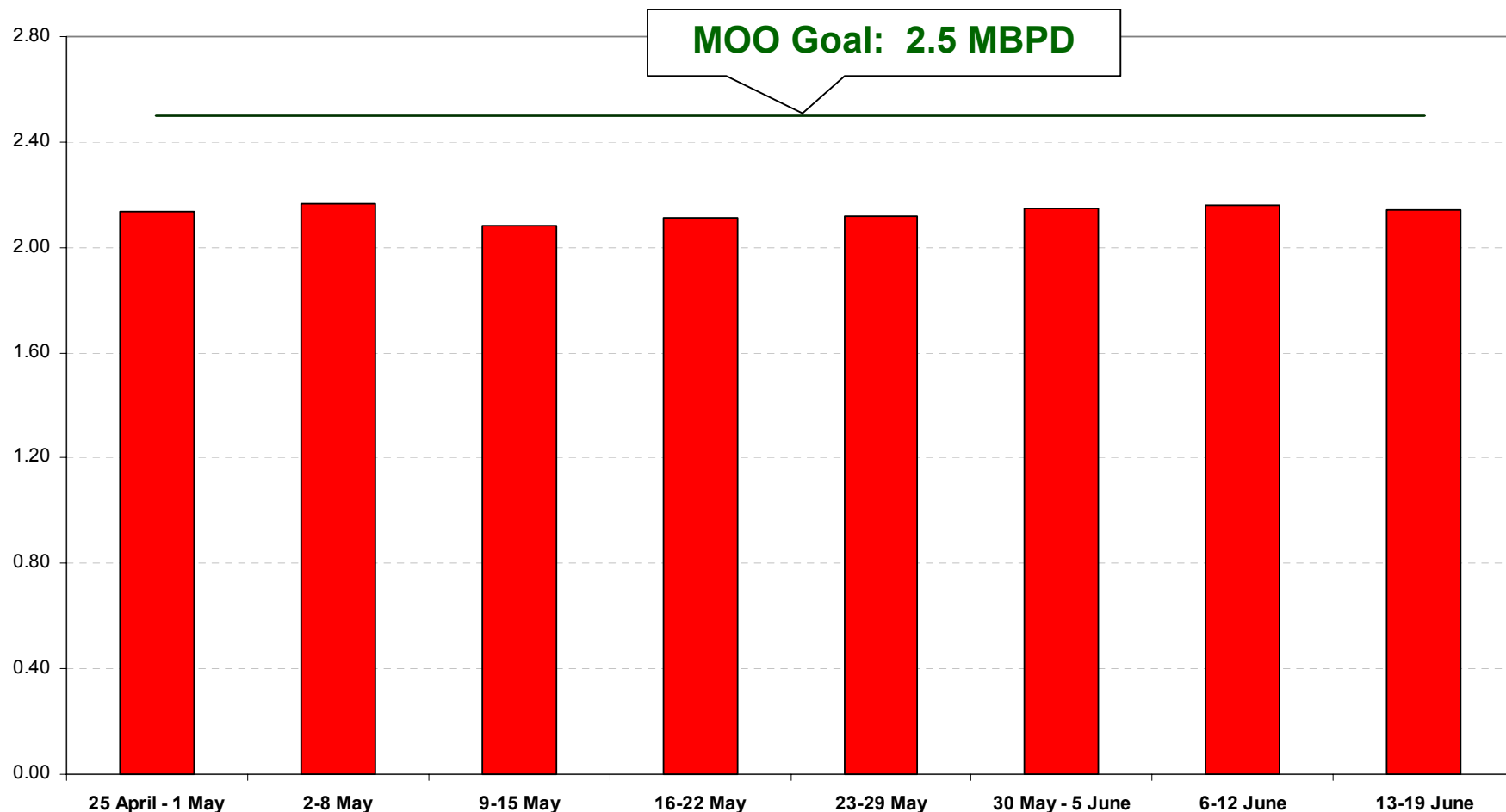
- On June 20, the Iraqi Stock Exchange (ISX) traded 351,847,997 shares with a total trading volume of NID 2,253,946,169 (\$1,538,529).
 - The banking sector comprised the largest volume of trading. Nine banks traded 199,079,285 shares with a trading volume of 1,346,852,600 (\$919,353).
 - The industrial sector comprised the second largest percentage of trading traded 59,969,666 shares with a trading volume of NID 365,232,750 (\$249,306).

Debt Cancellation:

- On June 20, the Iraqi government announced that it had signed a bilateral agreement with Canada canceling \$470 million of Iraq's debt, amounting to 80 percent of Canada's claims against Iraq (total approximately \$590 million).
 - The accord implements the agreement in principle concluded on November 2004 between Iraq and 18 governmental creditors comprising the Paris Club. The Canadian accord is the second to be signed with Iraq's Paris Club creditors.
 - The debt reduction will take effect in three installments: Approximately \$175 million will be cancelled immediately; a second cancellation of approximately \$175 million will become effective upon Iraq signing a formal stand-by arrangement with the IMF (expected during the second half of 2005); and a final installment of about \$120 million, will take effect upon completion of the stand-by arrangement. The residual debt stock will be repayable over a 23 year period with six years of grace on principal payments. No principal or interest will be payable during the first three years.
- The total amount of Saddam-era claims against Iraq held by both bilateral and commercial entities has been estimated at more than \$125 billion.



[4.0] Establish Foundations for a Strong Economy – Crude Oil Production

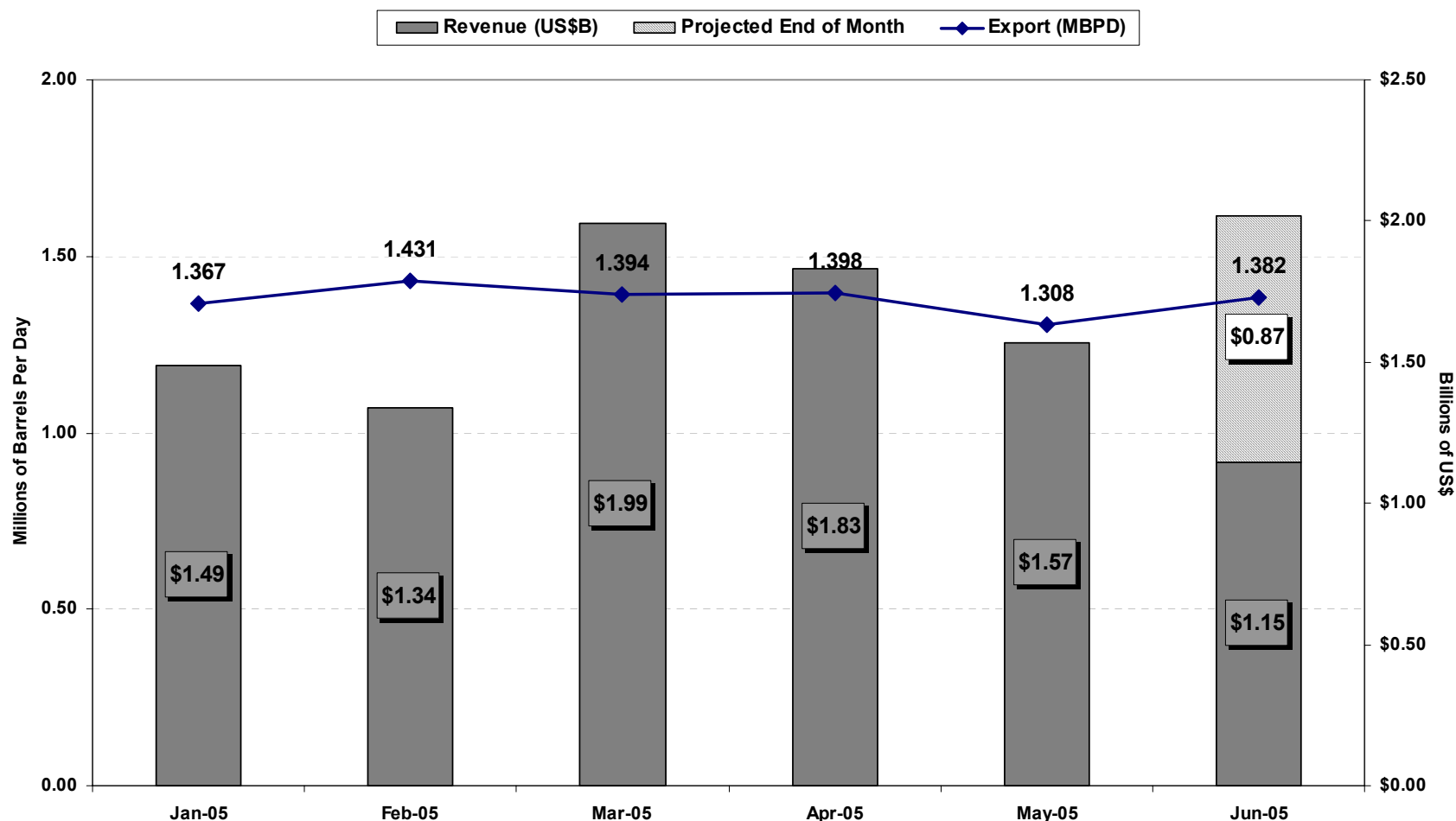


- Weekly Average (June 13-19) of 2.14 MBPD
- Pre-War Peak: 2.5 MBPD in Mar 2003
- Post-War Peak: 2.67 MBPD

Production Target



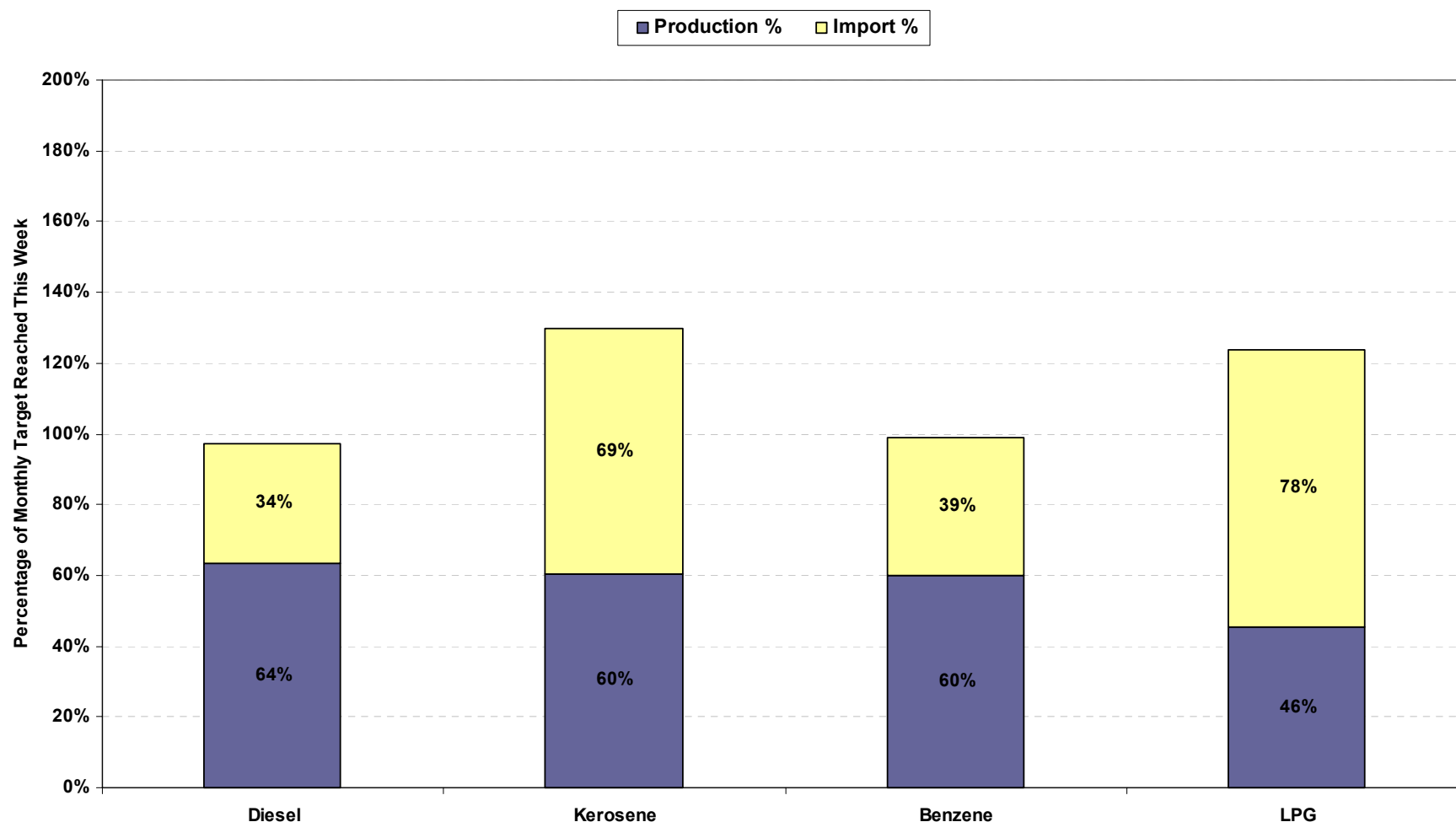
[4.0] Establish Foundations for a Strong Economy – Crude Oil Export



- 2003 Revenue: \$5,076.6 M
- 2004 Revenue: \$17,012.3 M
- 2005 Revenue: \$9,588.9 M (cumulative for 2005)



[4.0] Establish Foundations for a Strong Economy – Refined Products

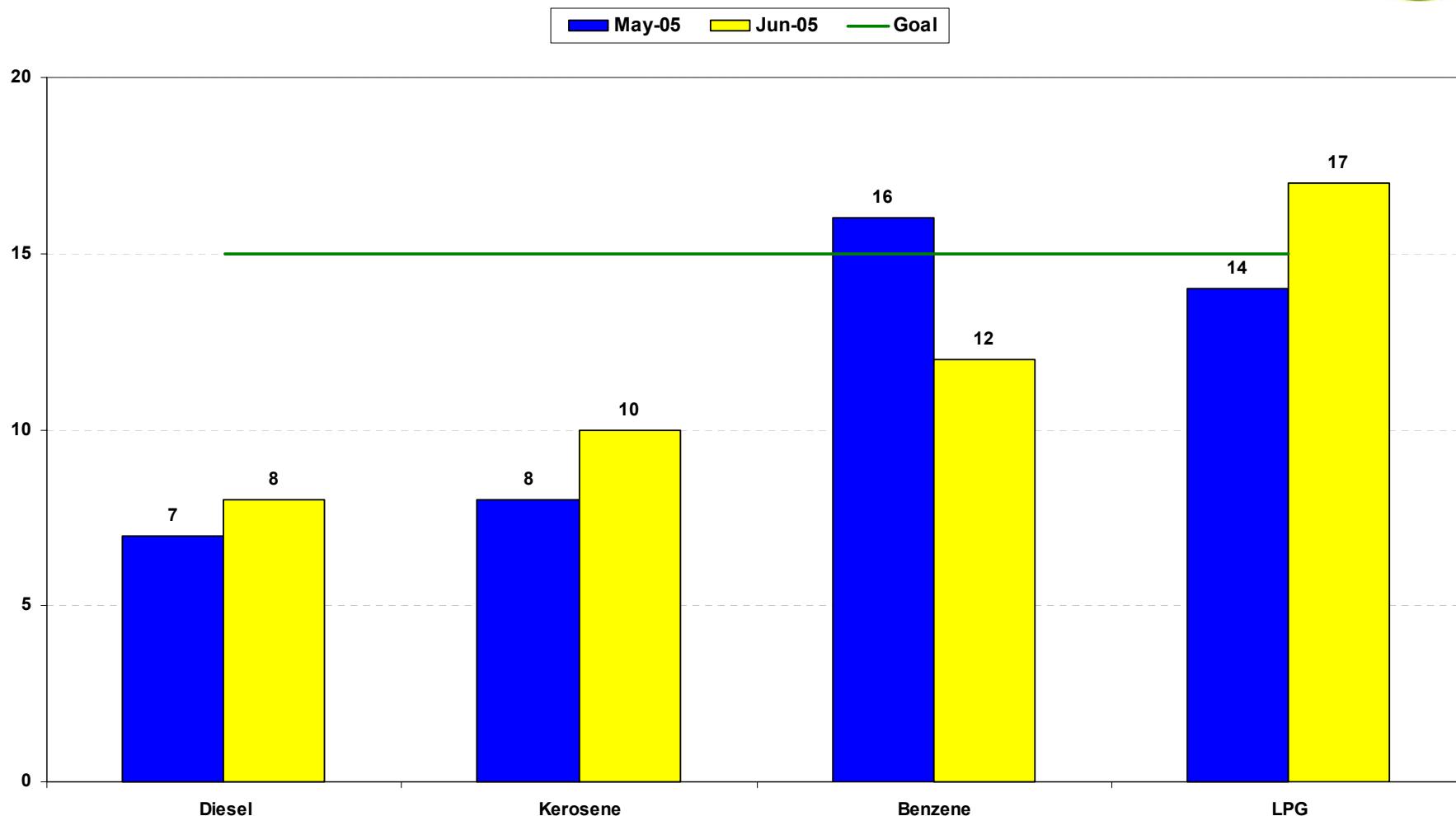


Note: This chart represents the average percentage of daily target reached for the week of June 13-19

- Diesel: 17.5 ML of 18 ML
- Kerosene: 7.1 ML of 5.4 ML
- Benzene: 17.8 ML of 18 ML
- LPG: 5,330 tons of 4,300 tons



[4.0] Establish Foundations for a Strong Economy – National Stock Levels



- The goal is for all refined products to be over 15 days worth of stocks at maximum consumption rates and does not represent seasonal change. The numbers given above are monthly averages.



[4.0] Establish Foundation for a Strong Economy – IRRF I & II Financials

Sector	\$Millions		Committed		Obligated		Disbursed	
	2207 Report	Apportion	Last Week	Current	Last Week	Current	Last Week	Current
Security and Law Enforcement	5,035.6	5,035.6	4,878.5	4,913.9	4,341.2	4,434.8	2,619.4	2,690.5
Electricity Sector	4,308.2	4,057.6	3,693.0	3,700.4	2,652.0	2,666.8	1,200.5	1,241.4
Oil Infrastructure	1,723.0	1,723.0	1,646.7	1,609.4	1,101.6	1,101.0	325.0	347.6
Justice, Public Safety and Civil Society	1,224.2	1,224.2	1,067.9	1,105.1	897.7	902.1	333.4	337.2
Democracy	905.4	905.3	883.0	886.0	852.0	852.0	440.9	442.2
Education, Refugees, Human Rights, Governance	363.0	363.0	305.6	306.8	284.6	285.2	103.0	103.1
Roads, Bridges and Construction	355.2	355.2	328.2	329.3	193.7	193.7	98.2	104.4
Health Care	786.0	786.0	741.8	717.9	570.2	570.2	122.3	123.1
Transportation and Communications	509.0	508.5	479.8	479.8	379.1	379.1	102.6	104.7
Water Resources and Sanitation	2,156.7	1,829.2	1,753.6	1,753.9	1,231.5	1,293.9	199.1	203.4
Private Sector Development	860.3	840.3	829.4	833.5	817.4	817.4	457.2	460.3
Admin Expense (USAID, STATE)	213.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0
TOTAL	18,439.5	17,656.9	16,636.5	16,665.0	13,350.0	13,525.2	6,030.5	6,186.9
IRRF 2 Construction		10,409.9	9,878.4	9,798.6	7,350.1	7,482.1	2,711.8	2,822.5
IRRF 2 Non-Construction		6,341.7	5,875.2	5,980.4	5,148.0	5,191.1	2,877.8	2,922.3
IRRF 2 Democracy		905.3	883.0	886.0	852.0	852.0	440.9	442.2
IRRF 1 Subtotal	2,473.3	2,473.3	2,473.3	2,473.3	2,473.3	2,473.3	2,150.0	2,150.0
Grand Total IRRF 1 & 2	20,912.8	20,130.2	19,109.8	19,138.3	15,823.3	15,998.5	8,180.5	8,336.9

Data as of June 22, 2005

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[5.0] Promote the Rule of Law – Iraqi Judicial System

Justice Integration Project Update:

- The Justice Integration Project Steering Committee will hold its first meeting on June 22.
- Representatives of the Justice Integration Project briefed Colonel Rider, head of the Baghdad Police Working Group, on the development of the project.
- Representatives of the Justice Integration Project met with the Ministry of the Interior Information Technology Working Group in order to facilitate the creation of a strategic plan. Members of the group include representatives from the Iraqi Data Management System (IPDMS) who will be designing a new data system for the Ministry of the Interior.



[5.0] Promote the Rule of Law – **Public Integrity and Anti-Corruption**

Rule of Law and the Iraqi Legislative Process:

- In late May, USAID's partner supporting the Transitional National Assembly (TNA) conducted a fifth general orientation session for 31 TNA members. Participants included members of the United Iraqi Alliance (List 169) the Kurdistan Coalition (List 130), the Iraqi List (List 285) and independent members of the TNA.
 - The training focused on the development of an efficient legislative process in a transitional society. Participants discussed the role and importance of rule of law in times of social change and the need to make use of theory when drafting new laws. Members examined detailed procedures required to enact legislation and the different stages a bill must undergo before it becomes law.



[6.0] Maintain Int'l Engagement & Support – **Developments**

International Support:

- On June 22, the International Conference on Iraq was held in Brussels. Iraq's delegation comprised of 40 people from eight ministries, and the conference drew over 80 country participants. The meeting concentrated on four main issues: support for the Iraqi political process, economic aid, assistance with national security, and the judicial sector.
- On June 18-19, a UN delegation and donor country officials held talks in Baghdad on coordinating assistance to Iraq, as well as the country's development priorities. A UN Envoy met with Iraq's Minister of Planning along with the ambassadors of the United States, Denmark, Japan, Turkey, Switzerland and other countries. He and the donor representatives discussed the coordination of international assistance and the way forward for organizing national development priorities in Iraq.
- On June 14, the senior UN envoy in Iraq and Prime Minister Ibrahim al-Ja'afari met to discuss the ongoing constitution-making process in the country, including the participation of groups from outside the Transitional National Assembly.
- Marking Iraq's first participation at an international securities gathering in 20 years, senior Iraqi securities industry representatives met with securities officials from around the world at the Forum for Developing Markets held June 1 - 4 in Beijing, China. Six Iraqi securities officials took part in the four-day forum, along with securities exchange officials from 40 other countries.



[6.0] Maintain Int'l Engagement & Support – **Stability Contributors**

28 MNF-I Contributors (in addition to US)

Albania	El Salvador	Latvia	Poland
Armenia	Estonia	Lithuania	Portugal
Australia	Georgia	Macedonia	Romania
Azerbaijan	Italy	Moldova	Slovakia
Bosnia/Herz	Japan	Mongolia	Ukraine
Bulgaria	Kazakhstan	Netherlands	UK
Czech Rep	Korea	Norway	
Denmark			

TOTAL ~ 23,000 Forces

*Note: Fiji participating as a part of the UN mission in Iraq.

29 Countries and NATO
(including US)
Support Iraqi Stability Operations



[7.0] Promote Strategic Communications – **Developments**

Strategic Communications:

- Iraqi President Talabani met with more than 30 prominent individuals from the Diyala Province and confirmed that all Sunnis should be unified and participate in the next election. He called for the unity of all sects to have a successful political process. He also referred to the tribe's role in fighting terrorism and closed by saying that all tribal sheikhs should reject terrorist acts and support the government in fighting these acts.
- UN Secretary-General Kofi Annan conveyed the progress being made in Iraq in the realm of security and in political maturity in a Washington Post op-ed. The UN has grown to support this effort through a donor coordination mechanism in Baghdad, a Constitutional Support Unit, and an active and collaborative relationship with the assembly's constitutional committee.
- In late May, a USAID-funded Civil Society Team sponsored a ten-day NGO Capacity Building Training Seminar for 30 civil society activists. Two of the training days specifically focused on developing skills related to the media, such as message development, media relations, how to give an interview and press conference, and how to write a press release.
 - In June, facilitators are reaching out to thousands of Iraqis, encouraging them to discuss topics linked to the constitutional process while seeking input for the National Assembly's Constitutional Committee.



[7.0] Promote Strategic Communications – **Developments**

Strategic Communications:

- According to rumors recorded by MNF-I, leaflets are being spread through Baghdad telling Sunnis not to participate in the political process, including the drafting of the constitution.
- In an informal discussion with MNF-I, Iraqis voted on the first ten amendments one by one as to whether they believe that the Iraqi Constitution should also have that specific provision. Of the first ten amendments, only the Second Amendment (the right to bear arms) did not receive unanimous agreement for inclusion.
 - Iraqis would also like to see a specific provision that states that all Iraqis are free to own property anywhere in Iraq and a provision regarding the Iraqi flag, including its presentation at governmental facilities.
- The Zarqawi terrorist group, in a statement posted on Al Jazeera's internet site, accused the network of having an American bias in Iraq. The statement demands Al Jazeera stop working on behalf of the "Crusaders" and Shiite leaders, and that they broadcast all of the "Mujahedin media."



Iraq Weekly Status – General Information

- This brief draws from multiple sources. References are cited on the respective pages in the “Notes Page” section (View → Notes Page).
- Please forward all questions and/or comments to (unclassified) NEA-I-IPOG-DL@state.gov or (classified) NEA-I-IPOG-DL@state.sgov.gov